GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1038
ANSWERED ON:23.11.2007
INTEREST RATE ON SHORT TERM DEPOSIT
Chaudhary Shri Pankaj

Will the Minister of FINANCE be pleased to state:

(a) whether ihe interest rates on short term deposits in banks has come down in the recent past;

(b) if so, the details thereof and the reasons therefor;

(c) whether this Government proposes to increase interest on short term deposits in future; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a)and(b): The Reserve Bank of India (P_BI) has given freedom tc commercial banks with effect from 22nd October, 1997 to fix their own interest rates; on domestic term deposits of various maturities with the prior approval of their respective Board of Directors/Asset Liability Managernent Committee (ALCO). As such, the Tales of interest on deposits are determined by the banks themselves.
As reported by the RBI, over the period from April 2007 to October 2007, Public Sector Banks decreased their deposit rates at the upper end of the range for matuiity up to one year from 2.75-9.00 per cent to 2.75-8.50 per cent. Private Sector Banks` deposit rates for similai maturity declined from a range of 3.00-10,00 per cent to 2.50-9.25 per cent during the name period. Similarly, foreign banks` deposit rales also declined from the Â¦ range of 3.00-9.50 per cent to 2.00-9.00 per cent.

(c)and(d): In view of above, do not arise.